

**SPOKANE COUNTY HEALTH DISTRICT**  
**Spokane County, Washington**  
**January 1, 1994 Through December 31, 1994**

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**Schedule Of Federal Findings**

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1. The District Should Comply With Federal Requirements

- a. The district charged indirect costs to federal programs using a indirect cost plan that was not properly supported or adequately documented.

The Office of Management and Budget's Circular A-87 prescribes requirements for indirect cost plans used to charge federal programs. During our review we noted the following deviations from those requirements.

The plan does not include:

(1) A description of the plan.

(2) Reductions for unallowable costs.

(3) A schedule of federal fund expenditures made during the fiscal year including direct salaries and wages, other direct expenditures, and total expenditures for each federal program.

(4) Certification by an authorized government official that the plan was prepared in accordance with applicable policies and procedures.

(5) A description of the accounting treatment of indirect costs allocated in excess of any program limitations.

The district used the rates developed by preparing a cost report used for state monitoring purposes. A separate plan was not prepared because in prior years federal funding levels were insufficient to cover indirect costs and the district was not aware of the requirements for federal indirect cost rates.

As a result the district may have overcharged some federal programs for indirect costs. The district was unable to provide us with information to determine which federal programs were effected or the financial impact to those programs.

- b. Required information is not recorded in the fixed asset system.

The *Compliance Supplement for Single Audits of State and Local Governments* prescribed by the Office of Management and Budget details equipment use, management, and disposition requirements.

The compliance supplement requires property records to be maintained that

include a description of the property; a serial number or other identification number, the source of property; who holds title; the acquisition date and cost of the property; percentage of federal participation; the location, use and condition, and any ultimate disposition data including the date of disposal and sale price of the property.

The system does not contain the required information because district personnel was not aware of the requirements and the fixed asset system was not established to collect all the required information.

As a result, we are not able to identify which assets were purchased by each federal program or the amount of federal participation, use, condition, ultimate disposition or sales price.

We recommend the district develop, document, and implement procedures to ensure the indirect cost plan and fixed asset system are consistent with federal requirements.